

**Technical Note**  
**Gross Domestic Product**  
**Second Quarter of 2004 (Preliminary)**  
**August 27, 2004**

This technical note provides background information about the source data and estimating methods used to produce the estimates presented in the GDP news release. The complete set of estimates for the second quarter is available on BEA's Web site <[www.bea.gov](http://www.bea.gov)>; a brief summary of "highlights" is also posted on the Web site. In a few weeks, the estimates will be published in BEA's monthly journal, the *Survey of Current Business*, along with a more detailed analysis of the estimates ("The Business Situation").

**Sources of Revision to Real GDP**

Real GDP growth in the second quarter was revised from 3.0 percent to 2.8 percent. The downward revision to the percent change in real GDP reflected a downward revision to exports and an upward revision to imports that were partly offset by upward revisions to personal consumption expenditures, to private inventory investment, and to equipment and software investment.

- Exports were revised down and imports were revised up, mainly reflecting newly available Census Bureau data on goods for June.
- Personal consumption expenditures were revised up, mainly reflecting revised Census retail sales data for May and June.
- Inventory investment was revised up, mainly reflecting newly available Census data on wholesale and retail trade inventories for June and revised data for May.
- Equipment and software investment was revised up, mainly reflecting newly available Census data on exports and imports for June.

**Revisions to Wages and Salaries and Related Series**

In addition to presenting preliminary estimates for the second quarter, today's news release also presents revised estimates of first-quarter wages and salaries, personal taxes, and contributions for government social insurance that incorporate newly available Bureau of Labor Statistics tabulations of wages and salaries of employees covered by state unemployment insurance.

Wages and salaries are now estimated to have increased \$51.8 billion in the first quarter, a downward revision of \$21.8 billion, and real disposable personal income (DPI) is now estimated to have increased 2.4 percent in the first quarter, a downward revision of 0.8 percentage point. Real DPI in the second quarter is now estimated to have increased 2.5 percent, a downward revision of 0.4 percentage point.

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Table A.--SOURCE DATA FOR THE ADVANCE AND PRELIMINARY  
ESTIMATES OF GDP FOR THE SECOND QUARTER OF 2004

This table shows the actual data used for the preliminary estimate of GDP for the second quarter of 2004. For these key series, actual data for June were not available in time for inclusion in the advance GDP estimate released on July 30, 2004, and BEA made assumptions for these source data. The numbers in brackets show the June values that had been assumed for the advance estimate. For most series, the data incorporated for May and, in some cases, for April, were preliminary, and the numbers shown in brackets are the values used last month.

All series shown in the table are in billions of dollars, seasonally adjusted at annual rates, and are published by the Bureau of the Census.

	Jan.	Feb.	2004 Mar.	Apr.	May	Jun.
Private fixed investment:						
Nonresidential structures:						
1 Value of new total private construction put in place less residential (inc. improvements)...	210.1	215.7	216.5	221.6 {219.7}	219.4 {218.9}	219.5 {219.3}
Equipment and software:						
2 Manufacturers' shipments of complete aircraft.....	26.8	26.6	27.7	24.6	31.3 {31.3}	25.7 {23.7}
Residential structures:						
Value of new residential construction put in place:						
3 Single family .....	348.0	348.1	353.5	360.0 {360.1}	365.9 {364.9}	364.6 {361.3}
4 Multifamily.....	35.6	36.8	37.6	37.8 {37.5}	37.9 {37.7}	38.4 {37.4}
Change in private inventories:						
5 Change in inventories for nondurable manufacturing.....	13.4	17.9	8.7	6.3	13.7 {10.5}	10.4 {11.9}
5a Change in inventories for merchant wholesale and retail industries other than motor vehicles and equipment..	1.0	53.0	41.0	34.9	72.0 {60.8}	57.4 {36.2}

Net exports:

Exports of goods:

6 U.S. exports of goods, international-transactions- accounts basis.....	740.2	779.2	807.6	791.4	824.3 {824.5}	771.0 {822.6}
6a Excluding gold.....	735.1	775.3	803.5	787.9	820.6 {820.8}	767.7 {819.0}

Imports of goods:

7 U.S. imports of goods, international-transactions- accounts basis.....	1335.3	1376.4	1424.5	1427.2	1442.0 {1434.2}	1492.9 {1452.7}
7a Excluding gold.....	1331.2	1372.0	1420.7	1423.4	1439.2 {1431.4}	1489.7 {1449.1}
8 Net exports of goods.....	-595.1	-597.2	-616.9	-635.9	-617.7 {-609.7}	-721.9 {-630.0}
8a Excluding gold.....	-596.2	-596.7	-617.3	-635.5	-618.6 {-610.6}	-722.0 {-630.0}

State and local government structures:

9 Value of new construction put in place.....	205.4	204.5	218.1	221.1 {219.9}	220.7 {219.7}	221.1 {219.8}
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Table B. Price Index for Market-Based Personal Consumption Expenditures

	Market-based PCE		Market-based PCE less food and energy	
	Index [2000=100]	Percent change	Index [2000=100]	Percent change
2001	101.941	1.9	101.668	1.7
2002	103.113	1.1	103.185	1.5
2003	105.040	1.9	104.388	1.2
[Seasonally adjusted at annual rates]				
2001:I	101.479	2.8	101.072	2.1
2001:II	102.003	2.1	101.408	1.3
2001:III	102.205	0.8	101.890	1.9
2001:IV	102.079	-0.5	102.304	1.6
2002:I	102.242	0.6	102.560	1.0
2002:II	102.966	2.9	103.011	1.8
2002:III	103.424	1.8	103.449	1.7
2002:IV	103.820	1.5	103.722	1.1
2003:I	104.601	3.0	103.952	0.9
2003:II	104.768	0.6	104.238	1.1
2003:III	105.294	2.0	104.572	1.3
2003:IV	105.496	0.8	104.790	0.8
2004:I	106.334	3.2	105.261	1.8
2004:II	107.295	3.7	105.801	2.1

NOTE. -- The price index for "market-based" personal consumption expenditures (PCE) is a supplemental measure prepared by the Bureau of Economic Analysis that is based on household expenditures for which there are observable price measures. It excludes most implicit prices (for example, the services furnished without payment by financial intermediaries) and the expenses of nonprofit institutions. More information is available on BEA's Web site at <http://www.bea.gov/bea/faq/national/FAQ.htm>.